

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

SPORTS SHINKO CO., LTD., a
Japan corporation,
Plaintiff,

vs.

QK HOTEL, LLC, a Hawaii limited
liability company, et al.,
Defendants,

and

FRANKLIN K. MUKAI,
Third-Party Plaintiff,

vs.

SPORTS SHINKO (USA) CO., LTD.,
a Delaware Corporation, et al.

AND CONSOLIDATED CASES

CV 04-00124 ACK-BMK
CV 04-00125 ACK-BMK
CV 04-00126 ACK-BMK
CV 04-00127 ACK-BMK
CV 04-00128 ACK-BMK

CONSOLIDATED CASES

DECLARATION OF
TAKEO KOSUGI

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I, TAKEO KOSUGI, hereby declare as follows:

1. I am an attorney-at-law (*bengoshi*) duly licensed to practice law in Japan since 1974, and I am a partner in the Matsuo & Kosugi law firm (the Firm) located at the Fukoku Seimei Bldg, 18F, 2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan.

2. Except as specifically stated below, I make this declaration based on my personal knowledge. If I were called as a witness, I could and would competently testify about the matters stated herein.

3. I am fluent in both Japanese and English.

- (a) A statement of my credentials and experience is on file in this proceeding in my declaration filed with the Court on April 12, 2006.

4. This declaration is being submitted in support of the KG Defendants' Motion to Dismiss CV. Nos. 04-00125 ACK-BML, 04-00126 ACK-BMC and 04-00128 ACK-BMK for Lack of Subject Matter Jurisdiction.

5. Japanese law requires a foreign company carrying out commercial transactions as a continuing business in Japan to register with the Legal Affairs Bureau. Commercial Code (2004), Articles 479, 481; Corporation Law (2006), Articles 817, 818, 933.

6. A member of the staff of the Firm checked with the Legal Affairs Bureau to determine if a Sports Shinko (USA) or a Sports Shinko (America) was registered at any of the following addresses: (a) Shibuya Cross Tower, 30F, 2-15-1 Shibuya, Shibuya-ku, Tokyo 105-0002; (b) 4-12 Banzai-cho, Kita-ku, Osaka City, Osaka; (c) 3-7 Kanda Ogawamachi, Chiyoda-ku, Tokyo 101. For reference, address (a) is the current Sports Shinko Co., Ltd. address, address (b) is the former Sports Shinko Co., Ltd. address, and address (c) is another Sports Shinko Co., Ltd. address that appeared in a filing with the California Secretary of State.

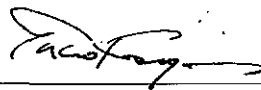
7. No registration of Sports Shinko (USA) or a Sports Shinko (America) was found at any of the addresses identified in Paragraph 6.

8. Because Sports Shinko (USA) did not register with the Legal Affairs Bureau, it could not legally carry out commercial transactions as a continuing business in Japan. Commercial Code, Art. 481 (providing that a foreign company

shall not engage in commercial transactions as a continuing business in Japan until it has made the registration mentioned in Article 479). Accordingly, Japan could not be Sports Shinko (USA)'s principal place of business.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

This declaration was signed in Tokyo, Japan on February 1, 2007.



Takeo Kosugi